MINUTES

PCF OVERSIGHT BOARD

March 1, 2018

OUR LADY OF THE LAKE REGIONAL MEDICAL CENTER
HEROMAN BOARD ROOM
BATON ROUGE, LA

Mr. Clark Cossé, Chairman, convened the meeting of the Patient's Compensation Fund Oversight Board at 6:30 PM on Thursday, March 1, 2018.

The following Board members were in attendance:

Mr. Clark Cossé, Chairman	Dr. Christopher Foret	Mr. Manuel DePascual
Mr. Kent Guidry	Dr. Luis Alvarado	Mr. Marcus Naquin
Dr. Patrick Breaux		

The following Board members were absent:

Mr. James Hritz	Dr. Lesley Meng

Others present:

Mr. Ken Schnauder	Ms. Shelly Fowler	Mr. Buck Copeland
Mr. Kurt Loup	Mr. David Woolridge	Mr. Jeff Williams
Ms. Betty Patrick	Mr. Jacob Meese	

Mr. Cossé called the meeting to order and asked that the record reflect seven Board members were in attendance and a quorum was present. Mr. Cossé then welcomed the guests to the meeting and asked all present to introduce themselves.

Mr. Cossé asked for public comments or questions. No public comments were made.

Mr. Cossé called for the approval of the February 1, 2018 minutes. Mr. Naquin moved for the minutes to be adopted and Dr. Alvarado seconded the motion; by verbal vote, the minutes were adopted with no dissenting votes.

Mr. Cossé called for the investment update. Mr. Jacob Meese of Cardinal Investment Advisors provided the Board with a detailed quarterly report and portfolio update. Mr. Meese advised all asset classes for the quarter were within their policy target ranges and the PCF's overall portfolio outperformed the benchmark by 7 basis points. He advised for the past year the PCF's overall portfolio outperformed the benchmark by 19 bps, returning 5.1%, and both core fixed income composites outperformed by 50 bps, returning 2.7% vs. 2.2% for the benchmark.

Mr. Meese advised NEAM had requested two changes to the manager guidelines which are part of the Investment Policy Statement. After some discussion, Dr. Foret moved to add Fitch as a

third rating agency to the guidelines and Dr. Alvarado seconded the motion; by verbal vote, the change was approved with no dissenting votes. He advised their second requested change to the guidelines was to add wording regarding net gains/losses in the fixed income allocation on an annual basis. He advised currently there is a limit to gains and losses not to exceed $500,000; this change eliminates any limit on net gains and increases an overall net annualized loss across all portfolios of not more than $2.5 million without prior approval from the Executive Director. He explained this change was recommended by Cardinal because we are in a rising interest rate environment and the need may arise to dispose of bonds with lower returns and replace with higher yielding bonds. After some discussion, Dr. Breaux moved to approve the requested wording with edits and Dr. Alvarado seconded the motion; by verbal vote, the added wording with the edits was approved with no dissenting votes.

Mr. Meese then reviewed the high yield manager Neuberger Berman. He advised Neuberger's credit-focused, conservative strategy has worked well over time but recently has led to underperformance relative to the benchmark. After discussion, Mr. DePascual made a motion to change the high yield manager, splitting the allocation between Federated and Vanguard. Mr. Naquin seconded the motion; by verbal vote, the change was adopted with one dissenting vote.

Mr. Meese then gave an update on PIMCO's international equity fund and the small cap managers currently in place. He suggested the present might be a good time to change the small cap managers. After some discussion, Dr. Alvarado moved to split the allocation between Kayne Anderson and Vanguard's S&P 600 funds and Mr. DePascual seconded the motion; by verbal vote, the change was approved with no dissenting votes.

Mr. Cossé asked for the financial reports. Mr. Schnauder informed the Board the Fund balance for the fiscal year to date was approximately $1,104,703,780, the total net collected in surcharge payments to date was approximately $110,533,110 and the total net filing fees collected to date were $179,200. He advised the reported investment income through January was $21,026,954, the total operating expenses to date were $3,866,339, and the claims expenses to date were $74,484,945. There were no questions asked and no public comments made.

Mr. Cossé called for the claims report. Mr. Loup informed the Board for the month of February there were 67 panels filed, 84 panels closed, 80 claims opened and 94 claims closed, ending the month with total pending claims count of 4601. Mr. Loup advised $145,589 in judicial interest was paid for the month and $178,986 in legal fees and expenses were paid. Mr. Loup presented 24 claims for settlement approval for the month in the amount of $11,890,750. There were no questions asked and no public comments made.

Mr. Cossé asked if there were any questions or comments from the public. There were none.

Mr. Cossé thanked the guests for attending the meeting. Dr. Breaux then made a motion for the Board to move into Executive Session; Dr. Alvarado seconded the motion. The verbal vote was unanimous and the Board moved into Executive Session to discuss matters of litigation.

Mr. Clark Cossé, JD Chairman

April 5, 2018
Date